

## **SOLENT GROWTH DEAL**

The Solent Growth Deal aims to drive growth across the area by investing in high profile strategic projects to enable housing growth and enhance transport connections between the cities and across the area, and supporting business growth, with a strong focus on marine and maritime, and advanced manufacturing sectors. The Solent Local Enterprise Partnership, which brings together two great waterfront cities of Portsmouth and Southampton with the Isle of Wight and south Hampshire, will get greater influence over some of the key levers affecting local growth and freedoms and flexibilities.

The Growth Deal, **subject to a satisfactory conclusion of the funding agreement**, will bring together local, national and private funding as well as new freedoms and flexibilities to focus on three key priority areas as identified in the LEP's Strategic Economic Plan:

- Enabling flagship sites for housing and employment
- Enhancing transport connectivity across the area
- Growing the skills base and supporting business growth.

The Solent LEP has secured **£124.8m from the Government's Local Growth Fund to support economic growth in the area – with £27.5m of new funding confirmed for 2015/16 and £57.7m for 2016/17 to 2021**. This includes:

- As part of the Government's ongoing commitment to the Solent LEP a provisional award of a further £14.9m of funding for projects starting in 2016 and beyond; and
- £24.7m of funding which the Government has previously committed as part of Local Growth Deal funding to the area.

This substantial investment from Government will **bring forward at least £360m of additional investment from local partners and the private sector. Combined together this will create a total new investment package of £484.8m for the Solent LEP.**

By 2021, this deal will create at least 5,000 jobs and allow 10,000 homes to be built.

The Solent LEP brings together local businesses, universities and colleges and the local authorities in the area: Portsmouth City Council, Southampton City Council, Hampshire County Council and the district councils for Eastleigh, East Hampshire, Fareham, Gosport, Havant, Isle of Wight, New Forest, Test Valley and Winchester.

### **Summary of Solent Growth Deal projects and funding**

Solent Growth Deal brings together different funding streams designed to support local growth, and with a share of the new Local Growth Fund, gives them greater strategic focus on local priorities to deliver jobs, housing and skills.

| <b>Solent LEP Local Growth Fund breakdown (£m)</b>                       |               |                     |              |
|--|---------------|---------------------|--------------|
|  | <b>2015/6</b> | <b>2016 onwards</b> | <b>Total</b> |
| <b>Local Growth Fund award*</b>  | 27.5          | 57.7                | 85           |
| <b>Previously committed funding</b>                                      | 18.5          | 6.2                 | 24.7         |
| <b>Provisional allocation to projects starting in 2016/17 and beyond</b> | -             | 14.9                | 14.9         |
| <b>Total</b>   | 45.8          | 78.8                | 124.6        |

\*The Local Growth Fund award includes increases to the Housing Revenue Account borrowing limit for Winchester City Council by £359,969 to help support the development of new affordable homes. As this is also captured in the EM3 LEP Growth Deal, £0.2m has been added to the table above.

These totals exclude match funding for European Social Fund (ESF) skills activities. The total amount of ESF skills activity LEPs have planned in their draft strategies over the 7 year programme is currently just over 1 billion euros. Actual skills ESF match will be used on the basis of the skills activity which is delivered at LEP level according to their final strategies.

**Solent and Central Government have agreed to co-invest in the following jointly-agreed priorities:**

- **Fareham/Gosport package** (an initial enabling programme of works aimed at enable access to the strategic sites at Welborne and the Solent Enterprise Zone) - with funding agreed for (1) preliminary works associated with the Stubbington Bypass, and (2) a Local Road network improvement package (including Peel Common Roundabout), and (3) initial site preparation work/land remediation at Welborne, and a provisional allocation to (4) M27 Junction 10 upgrade to 'all moves' starting beyond 2016. It is recognised that in addition to this co investment and the provisional allocation to M27 junction 10, the local area have identified a requirement for further co-investment to support improvements to the strategic transport infrastructure on the Fareham/Gosport peninsula (including the construction of the Stubbington bypass) and onsite development at Welborne. This will inform the negotiation of the next iteration of the Solent Growth Deal and there is an ambition to progress this in 2014. The LEP have flexibility over the management of these projects and their phasing in order to deliver the greatest economic benefits to the area, and this has been agreed.
- **Whiteley Way** - route to join the existing community of Whiteley and the planned new development to the north of Whiteley to the existing highway network.
- **Cross-Solent connectivity** – to modernise and relocate the ferry terminals in East Cowes and Southampton.
- **IoW College** – a centre of excellence for composites, advanced manufacturing and marine technology.
- **Eastleigh College** – upgrading existing college facilities, including a new Advanced Technology block.
- **Solent Growth Fund** – extending an existing programme to provide further business start up grants, support for young entrepreneurs and expansion funds for existing businesses.
- **Solent Mitigation and Itchen Package** – a package of measures working with Defra and its agencies to take a more strategic approach to environmental disturbance mitigation across the Solent area and to specifically address flooding risk in Itchen Riverside.

**Local flexibility over Growth Deal programme:** Solent has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable vision for growth in the area, and has established strong financial monitoring procedures and cross local authority collaboration. Government will disburse funds to the LEP annually in advance. The Solent will be expected to deliver the projects highlighted in the Deal, but will have flexibility over the management of these projects in order to deliver the greatest economic benefits to the area. Any significant changes to the projects will need to be discussed with the Government in advance.

The Growth Deal does not amount to an endorsement of everything submitted in the Local Enterprise Partnership's Strategic Economic Plan. All development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.

## The Solent Growth Deal

The investment secured by the deal will be focused on three key areas to deliver transformative growth:

**Enabling flagship sites for housing and employment:** A multi-year programme of infrastructure investment in Fareham and Gosport to support the development of a substantial new town at Welborne, north of Fareham, with a planned 6,350 new homes, including a new “all moves” junction 10 on the M27. This will also improve access around the Gosport peninsula to support growth in the Enterprise Zone (Daedelus) and ultimately Gosport Waterfront, creating 3,000 new jobs in the period to 2021 and enabling 248,000 sqm of floor space for businesses. In addition, the Deal will invest in a £14m transport package to support North Whiteley by providing a major new transport link to the existing highway access in the area which will support the current community and enable 3,500 new homes and create 500 new jobs.

Solent LEP will also be pioneering a new approach to working with local public sector land owners, with the Department for Transport and agencies in a joint Strategic Land and Infrastructure Board. The board will take a strategic approach to the release and disposal of land across the Solent area, and will support the joint planning and delivery of transport.

| Solent LEP commitments  | Central Government commitments   |
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| <ul style="list-style-type: none"> <li>• In the period to 2021 invest at least £150m in the Fareham/Gosport transport and housing package (including £9.6m from New Homes Bonus).</li> <li>• Invest £150m in North Whiteley transport and housing package.</li> <li>• Deliver 16,800 new homes (3,500 at North Whiteley and 13,300 across the broader area through environmental mitigation measures); The LEP and local planning authorities commit to working together to deliver the housing provided for in local plans.</li> <li>• Initially create 248,000sqm of new employment space (130,000sqm through Fareham / Gosport package and 118,000sqm across the Solent delivered through environmental mitigation package).</li> <li>• Provide the secretariat and support for the Solent Strategic Land and Infrastructure Board. The LEP and local partners agree to share information about land, property and transport investments where not commercially sensitive. The LEP will work with local partners to prepare a joint asset strategy and programme for disposal, re-use or redevelopment of surplus land and property</li> </ul> | <ul style="list-style-type: none"> <li>• Invest an initial £19.7m to improve transport and connectivity in Fareham and Gosport and some initial enabling work at Welborne (with £6m in 2015/16), and a further provisional allocation of £14.9m for junction 10 M27 starting beyond 2016.</li> <li>• Government will work with the LEP during 2014 to negotiate a further phase of co investment to deliver additional strategic infrastructure to support the development at Welborne and network capacity to and from the Gosport peninsula (including the Stubbington bypass).</li> <li>• Invest £14m in transport improvements to enable the development at North Whiteley (with £3.7m in 2015/16).</li> <li>• Government will work with the LEP and local partners to create a Solent Strategic Land and Infrastructure Board to take a more strategic view of public land and property in the area, and to support the joint planning and delivery of transport. The Cabinet Office Government Property Unit will chair the Board, which will prepare a joint asset strategy and a programme for the disposal and re-use or redevelopment of surplus land and property. The Homes and Communities Agency, Ministry of Defence, Department for</li> </ul> |

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| <ul style="list-style-type: none"> <li>Partners will work together to develop a Solent Transport Investment Plan, drawing together known investments, for the period 2015-20 to better align planned investments – this will support the joint asset strategy and will help inform future investments.</li> <li>Invest £7m in a package of environmental mitigation measures.</li> </ul> | <p>Transport, Highways Agency and Network Rail will be members of the Solent Land and Infrastructure Board and the Defra agencies. Membership will be extended to other key public and private sector bodies.</p> <ul style="list-style-type: none"> <li>Invest in a £4.5m package of environmental mitigation measures, with £1.5m funding in 2015/16. Natural England will work with the LEP to support a more strategic approach to environmental mitigation.</li> </ul> |
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**Enhancing transport connectivity across the area:** The Deal will invest in a package of transformational measures to support strategic developments, relieve congestion and reduce journey times across the Solent area. The deal will provide a £15m investment package to transform and modernise the Red Funnel terminals at East Cowes and Southampton, improving connectivity and removing capacity constraints. Moving the ferry terminals will release land to underpin the Southampton Royal Pier and East Cowes regeneration schemes, which will include employment space and 550 new homes. In return, Red Funnel will invest £15m in refurbishment of the ferry fleet.

| <b>Solent LEP commitments</b>   | <b>Central Government commitments</b>   |
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| <ul style="list-style-type: none"> <li>Red Funnel will invest £15m in the refurbishment of the ferry fleet.</li> <li>Deliver 550 new homes and bring forward 48,700 sq m employment space in East Cowes and enable the development opportunity at Southampton Royal Pier.</li> <li>The Local Enterprise Partnership and partners agree to the Local Enterprise Partnership to take a more proactive role in consultation on long-term rail planning and franchise specification; and provide a co-ordinating role between constituent local authorities.</li> <li>The Local Enterprise Partnership agrees to take a more proactive role in consultation on long-term strategic road network planning and provide a co-ordinating role between constituent local authorities.</li> <li>Progress on the development and delivery of the priority transport schemes identified by the Solent LEP Funding, Finance and Performance group and the Solent Growth Forum (that supersede the Local Transport Body) that are fundable within available pre-allocated Local Growth Fund resources.</li> </ul> | <ul style="list-style-type: none"> <li>Invest £15m to transform and modernise the Red Funnel terminals at East Cowes and Southampton; (with £6m in 2015/16).</li> <li>The Department for Transport and Network Rail commit to more proactive engagement of the Local Enterprise Partnership in the long-term rail planning process (e.g. Route Studies) and in rail franchise specification through targeted local engagement of the Local Enterprise Partnership as part of an enhanced consultation process. The Department for Transport also commits to encourage bidders for franchises to identify and take into account the priorities of Local Enterprise Partnerships and other key local stakeholders as part of the franchising process, and will also encourage Train Operating Companies to continue with, and enhance where possible, their engagement with Local Enterprise Partnerships as key local stakeholders.</li> <li>The Highways Agency commits to developing a more proactive and collaborative approaches to promoting national and local growth and commits to continue building strong relationships and working</li> </ul> |

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| <ul style="list-style-type: none"> <li>• Progress on the development and delivery of the priority transport schemes identified by the Solent Local Transport Body that are fundable within available pre-allocated Local Growth Fund resources.</li> </ul> | <p>arrangements with Local Enterprise Partnerships and the Local Enterprise Partnership Network, in the same way as with Local and Combined Authorities and the Local Government Association. Through its Route Strategies, the Highways Agency will engage the Local Enterprise Partnership in better understanding the challenges and opportunities associated with the network and to develop evidence based long-term plans to bring about much needed local economic growth and development, and commits to providing each Local Enterprise Partnership with a named contact, generally the relevant regional director. The Highways Agency commits to forming a Growth and Economic Development Group to support Local Enterprise Partnerships at a national and sub-national level, and a draft licence published on 23rd June 2014 for the new Highway Agency company includes a requirement to co-operate, which will underpin the arrangements described above.</p> |
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**Growing the skills base and supporting business growth:** The Deal includes a package of measures to enhance skill levels in the area to enable young people to take advantage of jobs in growing sectors, including marine, maritime and advanced manufacturing. Through the deal, the LEP will invest in upgrading existing college facilities, including a new Advanced Technology block, at Eastleigh College. This investment will increase the number of young people enrolling on science, technology, engineering and maths course by 10% year on year between 2014 and 2020. In addition, the LEP will create a new centre of excellence on the Isle of Wight focused on the growth area of composites. The centre will be supported by the global engineering company, GKN and based alongside their high-tech facilities.

Local Enterprise Partnerships are well-positioned to enhance the current Careers Information, Advice and Guidance offer by influencing the shape of provision so that it meets the needs of the local economy. Moreover, they have the ability to link employers with education providers; can have strategic influence over skills supply; and have the ability to coordinate local services towards a shared goal.

Improving skills levels is a key factor in stimulating local growth and taking advantage of new economic opportunities. Government is committed to ensuring that adult skills provision is increasingly responsive to the needs of business and supports local economic growth and jobs.

The deal will also build on the existing Solent Growth Hub, launched as part of the Southampton and Portsmouth City Deal, to extend its work as a “one stop shop” directing businesses towards existing national and local sources of business support. In addition to this, the Solent Growth Fund will expand the successful Bridging the Gap programme to support strategic supply chains in the Solent by providing start up grants, support for young entrepreneurs and expansion funds for existing businesses. The LEP estimates this will create 1,800 new jobs and 500 new businesses. To further

support business, the LEP and Portsmouth City Council will commit to boosting SME voucher take-up as part of the Super-Connected Cities Programme.

| Solent LEP commitments  | Central Government commitments   |
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| <ul style="list-style-type: none"> <li>• Eastleigh College to invest £3.4m to upgrade their estate. IoW College to secure £1.3m to create a new Centre of Excellence for Composites on the Isle of Wight (£750K from the land, £500K equipment donated by employers).</li> <li>• 2,500 new Apprenticeships in the period to 2021 (1,250 in Eastleigh and 1,250 from the Composites Centre of Excellence).</li> <li>• Align funds in support of the LEP's EU commitments on information, advice and guidance, Apprenticeships, employer ownership of skills and support for young unemployed people.</li> <li>• On careers advice, the Solent LEP will facilitate stronger linkage between education providers and local businesses. The LEP will also work with relevant local stakeholders to communicate our priorities and align our offer to the National Careers Service (NCS) providers ahead of the new service's roll-out in October 2014 in order to augment the service.</li> <li>• The Government expects Solent LEP to open up new jobs associated with the Local Growth Fund to local unemployed and long-term unemployed people working closely with local and national back to work initiatives. This would be part of a wider expectation that local areas use the Social Value Act, drawing on best practice across local councils and central expertise in maximising social value.</li> <li>• Consider skills implications as part of decision taking on growth strategies.</li> <li>• Clearly articulate and evidence their skills priorities in the light of strategic national and local growth opportunities and communicate them to the FE and skills sector.</li> <li>• Positively engage the FE and skills sector in</li> </ul> | <ul style="list-style-type: none"> <li>• Invest £9m to upgrade facilities at Eastleigh College (including £4.4m in 2015/16).</li> <li>• Invest £10.9m to create a new Centre of Excellence for Composites on the Isle of Wight (including £3.8m in 2015/16).</li> <li>• On careers advice, the Government commits to working with Solent LEP to help ensure that local employer priorities are fed into the operations of the new NCS providers in Solent LEP.</li> <li>• This Government remains committed to helping all young people to achieve their potential and specifically to reduce long-term youth unemployment. As part of this commitment, the government provided £450k through the Southampton and Portsmouth City Deal towards a 'Young Persons' Fund' to trial innovative new approaches to tackling youth unemployment within the area. Alongside this Growth Deal, the Government expects Southampton and Portsmouth to deliver against its commitments towards youth employment.</li> <li>• Government, through the Skills Funding Agency, will support the process to ensure that provision meets local priorities and that increasing responsiveness is delivered through a three-pronged approach: <ul style="list-style-type: none"> <li>○ Procurement of new provision: LEPs will be involved throughout the process and providers' track records against LEP requirements will be considered as part of this assessment.</li> <li>○ Accountability: Providers will be required through their funding agreements with the Agency to explain to LEPs details of their provision and planning and we are testing ways in which they can be most effectively held to account for being responsive to local economic priorities. The Skills Funding Agency is trialling Skills Incentives Pilots from 2014/15 in Stoke and Staffordshire, the North East and West of</li> </ul> </li> </ul> |

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| <p>key strategic partnerships e.g. Skills and Employment Boards.</p> <ul style="list-style-type: none"> <li>• Recognise where the private sector has a responsibility to invest in skills provision and work with business and the skills system to realise that investment.</li> </ul> | <p>England, designed to explore the mechanisms through which providers will account to LEPs for delivery.</p> <ul style="list-style-type: none"> <li>○ Allocations and Intervention: In future years providers' records in delivering to LEP requirements will be taken into account when setting allocations and triggering interventions. From 2015/16 the Skills Funding Agency will take into account the outcomes of the Skills Incentive Pilots in Stoke and Staffordshire, the North East and West of England, in making allocations to those providers in scope, subject to evaluation of the pilots, these mechanisms will be rolled out to other LEPs in future years.</li> <li>• Government will set out revised information for LEPs on how they can take advantage of this approach and options for seeking advice if provision is not responsive to their needs. The Skills Funding Agency will publish information during summer 2014 on how LEPs can influence the use of all skills budgets in their localities, and the steps they can take if they are dissatisfied with the pattern of delivery.</li> <li>• Government will seek to improve the provision of skills data for LEPs and will develop and publish new reports that will quantify and assess responsiveness to local skills needs. In the summer of 2014 the Skills Funding Agency will provide all LEPs with a data set that updates them on the provision delivered in their areas.</li> </ul> |
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| <ul style="list-style-type: none"> <li>• Provide £350k of public and private funding in 2015/16 to support the delivery of the Solent Growth Hub.</li> <li>• Invest £32.9m to support the Solent Growth Fund</li> <li>• Provide a clear model for coordinating and simplifying business support so that it joins up national, local, public and private support and creates a seamless customer experience for businesses, which makes it easy for them to get the right support at the right time.</li> <li>• To support extension of superfast broadband coverage to 90% of UK premises by 2016, via existing broadband projects, Solent LEP will commit to work with local partners and BT to support delivery. To support extension of superfast broadband coverage to 95% of UK premises by 2017, Solent LEP will also work with local partners to help ensure match funding is in place for the next round of projects.</li> </ul> | <ul style="list-style-type: none"> <li>• Provide £250k funding to the LEP to support the existing Solent Growth Hub business support coordination, subject to the growth hub meeting minimum conditions that reflect the position agreed by the Government review on business support and services.</li> <li>• Invest £12m to support the Solent Growth Fund (£2m a year, commencing 2015/16).</li> <li>• UKTI will commit to effectively communicating its strategic priorities to LEPs and where possible help them access relevant opportunities. UKTI has doubled the number of Partnership Managers to 16. This will ensure that UKTI can work more closely with LEPs and help build their capability to secure more inward investment.</li> <li>• The Technology Strategy Board recognises the important and valuable role that LEPs are playing in promoting and supporting innovation, and is committed to developing strong and effective relationships with LEPs both individually and collectively to build on this. The Technology Strategy Board is committed to supporting LEPs in developing the emerging Growth Hubs and in exploring how LEPs can help drive up local business awareness and engagement in Technology Strategy Board programmes and initiatives.</li> </ul> |
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**As part of the deal, the LEP will:**

- **Strengthen governance:** To support growth, the Solent area will strengthen its local governance arrangements, creating the Solent Local Growth Forum, which will provide an important advisory and scrutiny role for the Solent LEP investment programmes and the delivery of the Strategic Economic Plan. The Group will include amongst its membership all 12 local authorities of the LEP area, along with representation from higher education and colleges, business, trade unions, and government agencies (Highways Agency, Environment Agency and Network Rail). The Group be formalised with a joint agreement and will advise the Solent LEP Board directly.
- **Ensure value for money** by developing robust processes that will guide local decision-making. This will include agreeing an assurance framework with the Government by September 2014, building on existing local and national frameworks.
- **Ensure implementation and demonstrate success**, by accepting the funding agreement, and by tracking progress against milestones and agreed core metrics and outcomes in line with a monitoring and evaluation framework. This will include agreeing monitoring metrics

and reporting arrangements with the Government by September 2014. The LEP will also produce an evaluation plan for the projects contained in the Deal before April 2015.

- **Communicate the ongoing outputs and outcomes of the Deal to the local community and stakeholders** by publishing the Growth Deal and reporting regularly, and publically, on their progress to implement the strategy, ensuring that local people understand how Government money is being spent via the Growth Deal, and what the benefits are for them and the area. The Cities and Local Growth Unit will continue to work with the LEPs on communications activities, and help make the links with other Government communications teams.

Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with the LEP over the next few weeks and months, along with establishing the best timetable for the project, taking into account practicalities and affordability.

The Government commits to opening discussions with the LEP right away on its priorities for the next round of Growth Deals.